

**MINUTES OF THE  
BUSINESS AND LABOR INTERIM COMMITTEE**  
Wednesday, May 16, 2007 – 9:00 a.m. – Room W125 House Building

**Members Present:**

Rep. Stephen D. Clark, House Chair  
Sen. John W. Hickman  
Sen. Ed Mayne  
Sen. Wayne L. Niederhauser  
Rep. Jackie Biskupski  
Rep. David Clark  
Rep. Carl W. Duckworth  
Rep. James A. Dunnigan  
Rep. Kevin S. Garn  
Rep. Todd E. Kiser  
Rep. Karen W. Morgan  
Rep. Michael T. Morley  
Rep. Paul A. Neuenschwander  
Rep. Gordon E. Snow  
Rep. Mark W. Walker

**Members Excused:**

Sen. Kevin T. VanTassell, Senate Chair

**Members Absent:**

Sen. Gene Davis  
Sen. Dan R. Eastman  
Rep. Ben C. Ferry

**Staff Present:**

Ms. Allison M. Nicholson, Policy Analyst  
Ms. Patricia Owen, Associate General Counsel  
Ms. Phalin L. Flowers, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Committee Business**

Chair Clark called the meeting to order at 9:17 a.m.

**MOTION:** Rep. Kiser moved to approve the minutes of the April 18, 2007 meeting. The motion passed unanimously with Rep. Dunnigan, Rep. Garn, and Rep. Walker absent for the vote.

Ms. Nicholson distributed a sign-up sheet for committee members interested in serving on informal working groups to follow up on topics to be discussed during the interim. She also distributed a survey of potential topics for the Office of Legislative Research and General Counsel's "Bagels and Briefings" sessions.

**2. Deferred Deposit Lending**

Ms. Owen distributed and discussed "Utah and Payday Lending," which included background information, highlights of Utah's laws, and examples of regulation outside of Utah.

Rep. LaWanna Lou Shurtliff spoke to the Committee about legislation she co-sponsored with Rep. Riesen during the 2007 General Session.

Rep. Phil Riesen expressed his concern that payday lenders are taking advantage of consumers in need of financial help. He discussed the increasing number of stores in Utah and felt that there was a need for increased oversight.

Ms. Laura Polacheck, Advocacy Director, AARP Utah, said that AARP is supportive of longer loan terms and a \$500 loan cap. She indicated that she has spoken with payday lenders around the country and she believed that many are comfortable with loan caps and extending repayment periods. She also felt that there is insufficient data on payday lending in the state

Ms. Linda Hilton, Director, Coalition of Religious Communities, expressed her concerns regarding accurate data for payday lending in Utah. She felt a requirement that payday lenders report information to the Department of Financial Institutions was needed.

Ms. Wendy Gibson, UCLA (Utah Consumer Lending Association), discussed the regulation of the payday lending industry. She said that UCLA supports consumer education, and that payday lending is an important choice for consumers. She also suggested waiting to enact new laws because S.B. 16 from the 2007 General Session had just recently gone into effect.

Mr. Kip Cashmore, Vice President, UCLA, discussed the payday lending industry in Utah and the current regulation of that industry. He said that payday lenders are private companies and therefore are concerned about collection and dissemination of proprietary information.

Mr. Ed Leary, Commissioner, Department of Financial Institutions, explained that annual percentage rates are used for disclosure requirements because they create a common federal standard available for comparison. He discussed what information the Department collects, the Department's complaint process, and the Department's examination process. He indicated that the Department is willing to work with legislators and other groups to discuss data collection issues in Utah. Mr. Leary said that Internet payday lending is a growing regulatory challenge, and that most of the complaints regarding Internet lenders come from out-of-state residents.

Mr. Adam Burgett, representing Crossroads Urban Center, introduced Ms. Jennifer (last name not disclosed) to speak to the Committee about her experience with payday lending.

Jennifer, private citizen, spoke to the Committee about the debt she accumulated from taking out payday loans and her struggle to repay those debts.

### **3. Financial Services and Education - Savings for Low and Moderate Income Families and Individuals**

Rep. Rosalind McGee explained that she had requested this item be placed on the Master Study Resolution and hoped that the Committee would be able to pursue the expansion of programs that help lower income families build their savings.

Ms. Sarah Wilhelm, representing Voices for Utah Children, discussed financial instability in Utah and said that 450,000 families in the state struggle to make ends meet. She explained that wages have declined while costs of living have risen.

Ms. Allison Rowland, representing Voices for Utah Children, spoke to the Committee about implementing a refundable state earned income tax credit that mirrors the federal earned income tax credit.

Mr. Bill Crim, United Way of Salt Lake, introduced Mr. Tom Love, Vice Chair, United Way Board of Directors, and invited legislators to share ideas on financial stability with United Way-sponsored working groups.

Mr. Love distributed and discussed a packet entitled "What You Do Matters." He spoke to the Committee about United Way initiatives and programs that address financial literacy and stability and help low- and

moderate-income individuals and families. He told the Committee about the "Financial Stability Council" and mentioned the forthcoming proposals that the council hopes to bring back to the Committee later in the summer.

Ms. Martha Wunderli, Network Coordinator, Utah Individual Development Account Network, distributed and discussed "Multiply Your Savings Efforts," which was mailed to members prior to the meeting, "Utah Individual Development Account Network (UIDAN)," and "Demographics Report." She detailed the Utah Individual Development Account program and how it has helped individuals and families better their lives and learn to become more financially stable.

Mr. Sheldon Woods, President, Utah Association of Financial Services, explained that the Association, which represents the industrial banking industry in Utah, is dedicated to educating individuals on economics and financial stability, and teaching them wise decisions about their finances. He discussed the federal CRA (Community Reinvestment Act) and the unique role that industrial banks play in complying with this act.

#### **4. Other Items / Adjourn**

Chair Clark adjourned the meeting at 12:00 p.m.